

# A more resilient, sustainable and fair Europe after coronavirus?

The triple-crisis – the pandemic's public health and economic consequences intertwined with the underlying environmental crisis – may lead to increasing divergence, instead of convergence and cohesion among Member States, regions, generations and different groups of society across the EU and globally. However, if handled with a longer-term perspective with the aim of achieving a more resilient, sustainable and fair EU – the crisis also offers the opportunity to turn the three into the guiding principles of the recovery. This applies as much for the *content* of the policies as for the *process* of their design and implementation, both in the short and longer terms.

## Background

Fairness and sustainable development are guiding principles of the Treaties ([TEU](#) and [TFEU](#)) and of the [Charter of Fundamental Rights of the European Union](#). In [her political guidelines](#), the European Commission President, Ursula von der Leyen, highlighted that 'a sustainable Europe is one that opens up opportunities, innovates, creates jobs and offers a competitive edge to its industries', and at the same time supports a 'climate-neutral healthy planet'. This principle of sustainability is [comprehensive](#) and includes environmental, economic and social sustainability together. The principle of fairness – i.e. equality of opportunity – is also highlighted throughout the guidelines, and in particular in relation to a minimum wage, trade and taxation. Finally, resilience is one of the main features of the social market economy, and a central concern of the Commission in its broader aim to achieve 'an economy that works for people' with a strong industrial base, with flourishing small and medium-sized enterprises and a deeper economic and monetary union.

The Covid-19 outbreak and the way the crisis is managed affect all segments of society and the economy. The ongoing [triple crisis](#), resulting from the deleterious effects of the coronavirus pandemic on public health and the economy, combined with an already aggravated environmental situation is liable to [strain relations](#) between governments and citizens, and lead to increasing divergence, instead of convergence and cohesion.

## Main issues

The crisis triggered by the pandemic has had an unprecedented impact on labour markets. The unemployment rate in the euro area is [forecast](#) to rise from 7.5 % in 2019 to 9.5 % in 2020, before declining again to 8.5 % in 2021. In the EU, it is [forecast](#) to rise from 6.7 % in 2019 to 9 % in 2020 and then to fall to around 8 % in 2021. [Countries](#) with a higher share of employment in sectors that had to be shut down are likely to suffer a much higher impact. Different [sectors and players](#) have been hit differently, and the [digital divide](#) has also added to the complexity of the situation. In addition, many, particularly those in precarious work situations, tend to [fall through the cracks](#) of the immediate social assistance measures.

By seriously affecting people's income, the crisis has further exacerbated existing inequalities, pushing more people into poverty and making the most vulnerable even [more vulnerable](#). In the [OECD countries](#), more than one in three people do not have enough financial assets to keep their family above the poverty line for at least three months, should their income suddenly stop. The risk is especially high in households headed by people that are younger than 34 and people without higher education, as well as for couples with children. Besides the closures of businesses, the [closures of schools](#) have put enormous pressure on families and have negatively affected the [educational outcomes](#) of many children in the longer term.

Member States [differ](#) significantly in terms of how severely they have been affected by the pandemic; this depends both on how it evolved in the individual countries but also on the structure of their economies and their capacity to respond with stabilising policies. Moreover, the [severity will depend](#) on whether there

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will be more wave(s) of the pandemic. Given the [interdependence of EU economies](#), the dynamics of the recovery in each Member State will also affect the strength of the recovery of other Member States.

The pandemic has drawn attention to the role of human activity and associated environmental perturbation in the emergence of infectious diseases. Climate change, loss of natural capital and biodiversity, and pollution are [highly interconnected and mutually reinforcing](#). Long-term exposure to [air pollution](#) may significantly increase the risk factor for many, particularly with pre-existing conditions, of dying from Covid-19. What is more, some 10-15 % of [medical waste](#) is hazardous, and a substantial additional amount is expected to accumulate due to the pandemic.

### Opportunities for a resilient, sustainable and fair EU: *What and how*

The challenges arising from the pandemic need to be addressed on two interconnected levels: *what* can be done in the short to medium term, and *how* can that be done in a way that supports the ultimate goal of building a resilient, sustainable and fair EU. The crisis makes these three principles more timely. The huge disruption caused by the crisis also creates opportunities 'to walk the talk' and make these the guiding principles of the recovery. All the [tools of the Union](#) should be mobilised to achieve this.

As for *what* can be done in the short to medium term, the Commission's 2019 [reflection paper](#), 'Towards a sustainable Europe by 2030', paved the way to putting the concept of sustainability comprehensively across policy portfolios. A new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy is central to the [European Green Deal](#). The latter should be an important part of the recovery strategy. The communication on the European Green Deal also stresses that it will introduce sustainability considerations into the [Better Regulation Agenda](#). The EU's green recovery should be based on the [EU taxonomy](#), which aims to encourage investors and consumers to identify economic activities that can unambiguously be considered environmentally green. A renewed strategy on the subject – with a [consultation](#) currently ongoing – on redirecting private capital flows towards green investments and embedding a culture of sustainable corporate governance, is due towards the end of 2020. In addition, many [research projects](#) have successfully experimented with achieving these goals over the years. A more robust [research and innovation platform](#) with a broad concept of innovation that combines [social and technological innovation](#) is key to finding evidence-based [local and global responses to the challenges](#). This necessitates an inclusive [digital transformation](#) of the single market, where promoting [digital skills](#) is key. In this context, the revised [digital education action plan](#) and the development of regulations on [artificial intelligence](#) and [online platforms](#) are crucial.

As for *how* these above initiatives can be carried out in the short to medium term, the [European Semester](#) can be a useful tool for the recovery. For instance, the [United Nations' sustainable development goals](#) – the most ambitious global agreement for achieving social progress to date – have been mainstreamed across portfolios and used as the main analytical tool in the European Semester process. The 2020 [Annual sustainable growth strategy](#) presents a rebooted growth model that focuses on the topic of sustainability, and is built around its four dimensions: environmental sustainability, productivity gains, fairness and macroeconomic stability. The EU's economic governance mechanism is under [review](#), accompanied by a [broad consultation](#). This review offers an opportunity to build on the lessons learnt to date. The European Semester [Spring Package](#) has been reoriented to address the priorities related to the EU's recovery from the pandemic. Its proposed country-specific recommendations focus on two main issues: in the short term, mitigating the pandemic's severe negative socio-economic consequences, and in the short to medium term, achieving sustainable and inclusive growth that facilitates the green transition and the digital transformation. Investment, including in human capital and the 'updated' welfare state (according to the principles of the [European Pillar of Social Rights](#)) are central to the recommendations.

Finally, the [design](#) of the new multiannual financial framework, [coupled with](#) the recovery fund, alongside the existing tools of financial support from the [European Investment Bank](#), [SURE](#) – the temporary support instrument to mitigate unemployment risks in an emergency, and the [European Stability Mechanism](#) will also play a decisive role in achieving a resilient, sustainable and fair EU. This new financial proposal might be the first step in the direction of [changing the dynamic](#) of the existing decision-making processes, and paving the way towards a [new design](#) for the EU's financial tools and possibly more besides.

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